



September 8, 2010

VIA ELECTRONIC DELIVERY

Ms. Jocelyn Boyd
Chief Clerk/Administrator
South Carolina Public Service Commission
101 Executive Center Drive
Columbia, South Carolina 29210

Re: Progress Energy Carolinas, Inc. – Application for Authority to Issue Securities Pursuant to Revolving Credit Agreement

Dear Ms. Boyd:

Enclosed for filing is Progress Energy Carolinas, Inc.'s Application for Authority to Issue Securities Pursuant to Revolving Credit Agreement, dated September 7, 2010.

Please do not hesitate to contact me at (919) 546-4836 should you have any questions regarding the Application.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Patricia Kornegay-Timmons', written over a horizontal line.

Patricia Kornegay-Timmons
Associate General Counsel

PK-T/pmr
Enclosures

cc: Mr. John W. Flitter
Director of Electric and Gas Regulation
Office of Regulatory Staff
State of South Carolina
1401 Main Street, Suite 900
Columbia, South Carolina 29201

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STATE OF SOUTH CAROLINA

BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
DOCKET NO. _____

In the Matter of)	APPLICATION FOR AUTHORITY TO
)	ISSUE SECURITIES PURSUANT TO
Progress Energy Carolinas, Inc.)	REVOLVING CREDIT AGREEMENT

Pursuant to S.C. Code Ann. § 58-27-1710 and § 58-27-1720 and Public Service Commission of South Carolina (the "Commission") Rules 103-820 and 103-823, Progress Energy Carolinas, Inc. (the "Company") respectfully applies to the Commission for permission to negotiate and enter into a new three-year revolving credit agreement up to \$750,000,000. In support thereof, the Company shows the following:

1. The Company's correct name and post office address are Progress Energy Carolinas, Inc., Post Office Box 1551, Raleigh, North Carolina 27602. The names, mailing addresses and electronic mail addresses of its attorneys are Len S. Anthony and Patricia Kornegay-Timmons, Post Office Box 1551, Raleigh, North Carolina 27602, len.s.anthony@pgnmail.com and patricia.kornegay@pgnmail.com. The Company is a corporation organized and existing under the laws of the State of North Carolina, and authorized to do business in South Carolina. Its principal office is located at 410 S. Wilmington Street, Raleigh, North Carolina 27601. The Company is primarily engaged in the business of generating, transmitting, delivering and furnishing electricity to the public for compensation.

2. The Company's capital stock outstanding at June 30, 2010, consisted of Common Stock with a stated value of \$2,125,000,000 and Preferred Stock with a stated value of

\$59,000,000. As of June 30, 2010, the retained earnings of the Company were \$2,785,000,000 and accumulated other comprehensive loss was \$41,000,000.

3. The Company's existing long-term debt at June 30, 2010, amounted to principal amounts of \$3,193,725,000 in First Mortgage Bonds and approximately \$506,000,000 in other long-term debt. The First Mortgage Bonds were issued under and pursuant to a Mortgage and Deed of Trust, dated as of May 1, 1940, duly executed by the Company to The Bank of New York Mellon (formerly The Bank of New York (formerly Irving Trust Company)), as Corporate Trustee, and Frederick G. Herbst, as Individual Trustee, succeeded by Ming Ryan, who presently is acting as Individual Trustee, as supplemented by seventy-seven Supplemental Indentures.

4. The Company currently has a \$450,000,000 5- $\frac{1}{4}$ -year revolving credit agreement that expires June 28, 2011. The revolving credit agreement provides back-up liquidity for the Company's lower-cost commercial paper program. The Company proposes to negotiate and enter into a new three-year revolving credit agreement ("3-Year RCA") to replace the existing 5- $\frac{1}{4}$ -year revolving credit agreement ahead of its expiration in order to maintain long-term liquidity in the current accommodative bank market, and to maintain adequate liquidity in the view of the credit rating agencies (specifically Standard & Poor's and Moody's Investor Service), who discount credit agreements that expire in less than one year in their ratings determination process. The 3-Year RCA will allow the Company to meet its continuing short-term funding needs arising in connection with the provision of electricity and related services to the Company's customers. The proposed 3-Year RCA will be with Wells Fargo Bank, N.A. ("Wells Fargo") and the Royal Bank of Scotland plc ("RBS") as agents for certain lender banks. The terms and conditions of the proposed 3-Year RCA are set forth in the Summary of Terms and Conditions, substantially in the form attached hereto as Exhibit A. The amount of the 3-Year

RCA is up to \$750,000,000. The 3-Year RCA will have an initial term of three years, with the option of two different interest rates per annum on any borrowings, as set forth on page 3 of Exhibit A and the Pricing Grid attached thereto.

5. The Company estimates that it will incur expenses of approximately \$3,700,000 in connection with the negotiation and execution of the 3-Year RCA. Additionally, the Company will be charged a facility fee which can range from 15 basis points to 60 basis points based upon the ratings of the Company's long-term, unsecured, senior, non-credit enhanced debt by Standard & Poor's or Moody's Investors Service, Inc. in accordance with Exhibit A and the Pricing Grid attached thereto.

6. The Company requests that the Commission authorize the Company to make minor modifications and amendments to the 3-Year RCA as the Company and the participating lender banks deem necessary from time to time, including extending the term of the 3-Year RCA for an additional two years; provided, however, that in no event would the Company amend the 3-Year RCA to increase the amount of the total commitment above \$750,000,000 without the prior approval of the Commission.

7. Information required for compliance with Order 1991-72 in Docket No. 1991-32-E is provided in the Attachment to this Application.

8. The purposes for which the proposed transaction is to be affected, as described above:

- (i) Are for a lawful object within the corporate purposes of the Company;
- (ii) Are compatible with the public interest;
- (iii) Are necessary and appropriate for and consistent with the proper performance by the Company of its service to the public as a utility;

- (iv) Will not impair the Company's ability to perform its public service; and
- (v) Are reasonably necessary and appropriate to provide adequate funds for such corporate purposes.


WHEREFORE, the Company applies to the Commission for an Order:


- A. Approving the terms and conditions of the 3-Year RCA in substantially the form described in this Application;
- B. Authorizing, empowering and permitting the Company to enter into the 3-Year RCA under the terms and conditions as described in this Application, to borrow funds pursuant to the 3-Year RCA, and to execute and carry out such instruments, documents and agreements as shall be necessary or appropriate in order to effectuate the transactions contemplated by the 3-Year RCA; and
- C. Authorizing, empowering and permitting the Company to make minor modifications and amendments to the 3-Year RCA as the Company and the participating lender banks deem necessary from time to time, including extending the term of the 3-Year RCA for an additional two years; provided, however, that in no event shall the Company amend the 3-Year RCA to increase the amount of the total commitment above \$750,000,000 without the prior approval of this Commission.

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Respectfully submitted this
7th day of September, 2010

PROGRESS ENERGY CAROLINAS, INC.

By: 
Thomas R. Sullivan
Treasurer


Len S. Anthony
General Counsel, Progress Energy Carolinas, Inc.
Patricia Kornegay-Timmons
Associate General Counsel, Progress Energy Service Company
P.O. Box 1551
Raleigh, North Carolina 27602
(919) 546-4836

*[Signature page for Progress Energy Carolinas, Inc.'s Application for
Authority to Issue Securities Pursuant to Revolving Credit Agreement]*

STATE OF NORTH CAROLINA)
)
COUNTY OF WAKE)

Before me, Hildegard K. Campbell, a Notary Public in and for the County and State aforesaid, this 7th day of September, 2010, personally appeared Thomas R. Sullivan, to me known to be the person whose name is signed to the foregoing Application, and, after first being duly sworn, made oath and said that he is Treasurer of Progress Energy Carolinas, Inc., that he has read the foregoing Application and knows the contents thereof and that the same is true and correct to the best of his knowledge, information and belief.

[SEAL]



Hildegard K. Campbell
Notary Public

Hildegard K. Campbell
Printed Name

My Commission Expires:

May 17, 2014

ATTACHMENT TO APPLICATION FOR AUTHORITY TO ISSUE SECURITIES
PURSUANT TO REVOLVING CREDIT AGREEMENT FILED WITH THE
PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
DOCKET NO. _____

In compliance with Order 1991-72 issued in Docket No. 1991-32-E, the Company hereby provides the following information in connection with the above-referenced Application:

- a. The Company's Consolidated Financial Statements as of December 31, 2009, and Consolidated Interim Financial Statements as of June 30, 2010 are attached as Exhibit B and Exhibit C, respectively. (Please see pages 128-132 and the applicable footnotes, in Exhibit B, and pages 9-11 and the applicable footnotes in Exhibit C.) The Company's Pro Forma Financial Statements are attached as Exhibit D. The pro forma data indicates that the revolving credit agreement will not materially impact the Company's Consolidated Financial Statements.
- b. The 3-Year RCA is an essential element of the Company's commercial paper borrowing program as it provides back-up liquidity for this program in the event of a disruption in the commercial paper market. The Company's rating agencies require such back-up facilities in order to maintain the ratings on the Company's short-term obligations.
- c. If authority to issue securities pursuant to the 3-Year RCA is delayed or not approved, the Company's access to low-cost commercial paper and other short-term obligations will be impaired. The 3-Year RCA is intended to provide back-up liquidity for the Company's issuances of commercial paper or other short-term obligations. Such low-cost debt generally is only available to debtors in the financial markets if they provide creditors with some sort of back-up liquidity for the debt. In addition, the credit rating agencies (specifically Standard & Poor's and Moody's Investor Service) discount credit agreements that expire in less than one year in their ratings determination process. A change in credit ratings could impact the Company's ability to issue commercial paper. The Company uses commercial paper to fund its day-to-day operations. Thus, any impairment of the Company's ability to issue commercial paper will increase the Company's borrowing costs, and therefore, its cost of service.
- d. The information regarding the expected rate of interest is provided in Paragraph 3 of this Application.
- e. Entering into the 3-Year RCA will enable the Company to access the lower-cost commercial paper market rather than having to rely on higher cost debt to fund its day-to-day operations. Information regarding the expected costs of the 3-Year RCA is provided in Paragraph 4 of this Application.

- f. The Company's pro forma Capital Structure showing the impact of the proposed revolving credit facility on the Company is attached as Exhibit D. The pro forma data indicates that the revolving credit agreement will not materially impact the Company's capital structure.